

1997 SMALL BUSINESS PROFILE

SMALL BUSINESS: BACKBONE OF THE MISSISSIPPI ECONOMY

The importance of small business to the state of Mississippi is evident in the 1997 Small Business Profile. The findings reported in this year's profile, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, clearly indicate the crucial role small businesses play in the state's economy. Not only do small businesses play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

Number of Businesses - In 1996, Mississippi had 49,916 businesses with employees; 97.13 percent of the businesses were small businesses (percent based on 1994 data for independent businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 74,000 self-employed persons in 1996 for an estimated total of 123,916 businesses.

Small Business Income - The income of sole proprietors and partners rose 6.2 percent to \$3.3 billion in 1996, while wage-and-salary income rose 4.8 percent. Total personal income rose 4.9 percent to \$28.5 billion. The state also exported \$1.2 billion of goods in 1996.

Minority Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 54,800 women-owned businesses in Mississippi, including part-time firms, employing 112,000 people and generating \$11.2 billion in sales. Between 1987-1996, the number of women-owned businesses, increased 73.9 percent.

According to the latest Bureau of the Census data, the number of Black-owned firms, including part-time firms, increased 45.5 percent from 1987 to 1992, totaling 14,067 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 114.3 percent during the same time period with 660 firms in 1992. There has also been an increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 1,178 in 1987, to 1,765 in 1992, representing a 49.8 percent increase.

Business Turnover - The number of new firms decreased 0.1 percent, while new business incorporations increased 13.0 percent in 1996. Financial difficulties leading to business bankruptcies decreased by 0.7 percent and business failures decreased by 20.7 percent during 1996.

Finance - An SBA Office of Advocacy study found that the number of banks in Mississippi decreased from 118 in 1994 to 110 in 1996. The study also found the top lenders to small businesses in fiscal year 1996 were:

| Bank Name | Location |
|------------------------------|---------------|
| BANK OF HOLLY SPRINGS | Holly Springs |
| PIKE CTY NB | Mccomb |
| COMMUNITY BK ELLISVILLE MS | Ellisville |
| UNION PLANTERS BK SOUTHERN M | Hattiesburg |
| FIRST BK | Mccomb |
| STATE B&TC | Brookhaven |
| FIRST NB OF CLARKSDALE | Clarksdale |
| LAMAR BK | Purvis |
| MERCHANTS & FARMERS BK | Macon |
| UNION PLANTERS BK OF MS | Grenada |
| PEOPLES B&TC | Tupelo |
| HANCOCK BK | Gulfport |

Job Growth - Small businesses created 89,693 of the 180,544 net new jobs from 1992 to 1996. Very small businesses (less than 20 employees) created 59.1 percent of the small business growth with 52,965 new jobs. These numbers clearly reflect the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

| Industry | 1-4 | 5-19 | 20-99 | 100-499 | 500+ | Totals |
|----------------|--------|--------|--------|---------|----------|----------|
| All Industries | 31,899 | 21,066 | 11,424 | 25,303 | 90,851 | 180,544 |
| Manufacturing | 367 | 1,371 | 1,100 | 7,380 | (22,473) | (12,252) |
| Retail Trade | 8,328 | 4,044 | 3,191 | 2,970 | 8,282 | 26,815 |
| Services | 16,553 | 12,028 | 5,597 | 15,857 | 104,778 | 154,814 |
| Other | 6,652 | 3,621 | 1,534 | (905) | 263 | 11,168 |

Industries - The composition of small business in Mississippi is very diverse. The Health Services industry is the largest small business employer in Mississippi, followed by Eating & Drinking Places. The fastest growing industry for small business is Building Construction (represents industries that were at least 0.25% of the 1994 total).

The following three tables provide further information about the composition of the small business sector in the state. The information is for 1994, the latest year available.

Table 1, Top Five Industries in Mississippi by Employment, 1994

| Industry | SIC | Employment Total | Percent of Total | Percent Small |
|--------------------------|------|---------------------|---------------------|------------------|
| Total - All Industries | -- | 834,922 | 100.0 | 50.1 |
| Health Services | 8000 | 93,871 | 11.2 | 42.6 |
| Eating & Drinking Places | 5800 | 50,988 | 6.1 | 63.9 |
| Food Stores | 5400 | 31,894 | 3.8 | 48.9 |
| Apparel | 2300 | 30,068 | 3.6 | 30.1 |
| Furniture & Fixtures | 2500 | 29,241 | 3.5 | 39.6 |

Table 2, Top Five Small Business Industries in Mississippi by Employment, 1994

| Industry | SIC | Employment in firms with 0 - 499 employees | Percent of Total | Percent Small |
|---|------|--|---------------------|------------------|
| Total - All Industries | -- | 418,482 | 100.0 | 50.1 |
| Health Services | 8000 | 39,945 | 11.2 | 42.6 |
| Eating & Drinking Places | 5800 | 32,569 | 6.1 | 63.9 |
| Special Trade Contractors | 1700 | 20,644 | 2.6 | 95.8 |
| Automotive Dealers & Gasoline Service Stations | 5500 | 18,719 | 2.4 | 91.7 |
| Wholesale Trade - Durable Goods | 5000 | 18,136 | 2.7 | 81.4 |

Table 3, Fastest Growing Industries for Small Business in Mississippi, 1993 - 1994

| Industry | 1993 | 1994 | Amount Change | Percent Change |
|---------------------------|---------|---------|------------------|-------------------|
| Total - All Industries | 408,206 | 418,482 | 10,276 | 2.5 |
| Building Construction | 8,084 | 9,906 | 1,822 | 22.5 |
| Water Transportation | 880 | 1,047 | 167 | 19.0 |
| Special Trade Contractors | 17,441 | 20,644 | 3,203 | 18.4 |
| Social Services | 9,419 | 11,010 | 1,591 | 16.9 |
| Insurance Carriers | 950 | 1,094 | 144 | 15.2 |

Sources: Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation of Women Business Owners, and Cognetics Inc.